



Department of Justice

FOR IMMEDIATE RELEASE
TUESDAY, MAY 22, 2007
WWW.USDOJ.GOV

AT
(202) 514-2007
TDD (202) 514-1888

JUSTICE DEPARTMENT FILES ANTITRUST LAWSUIT AGAINST DAILY GAZETTE COMPANY AND MEDIANEWS GROUP

Lawsuit Seeks to Restore Competition Between Owners of Charleston, West Virginia's Only Two Daily Newspapers

WASHINGTON — The Department of Justice filed a civil antitrust lawsuit today in U.S. District Court in Charleston, W.Va., alleging that the Daily Gazette Company and MediaNews Group Inc. (MediaNews) violated the antitrust laws when they entered a series of transactions in May 2004 that resulted in the acquisition by Daily Gazette Company of the *Daily Mail* newspaper from MediaNews. The Department's lawsuit seeks an order requiring the parties to undo their transactions and restore the competition that existed before May 2004.

The Department's complaint alleges that Daily Gazette Company, owner and publisher of *The Charleston Gazette*, bought the *Daily Mail* with the purpose and intent to shut it down, and began using its new control over that newspaper to initiate the termination of the second paper, but suspended those actions in December 2004 when the Department learned of the transactions and began an investigation. *The Charleston Gazette* and the *Daily Mail* are the only two daily newspapers in Charleston, W.Va.

Until 2004, Daily Gazette Company and MediaNews operated within a joint operating agreement (JOA) and each owned a 50 percent interest in an entity called, Charleston Newspapers, which performed many of the commercial functions of *The Charleston Gazette* and *Daily Mail*. In May 2004, Daily Gazette Company acquired MediaNews' ownership interest in the JOA and ownership of the *Daily Mail*. As a result, Daily Gazette Company now owns all of the assets and controls all of the business operations of the only two daily newspapers in Charleston, W.Va.

"When Daily Gazette Company acquired the *Daily Mail* with the aim of shutting it down, readers in the Charleston area, and the advertisers who value access to them, were denied the benefits of competition," said Thomas O. Barnett, Assistant Attorney General for the Department of Justice's Antitrust Division. "The Department's investigation saved the *Daily Mail* from this unlawful termination, and this action seeks to remedy the competitive damage already done and to prohibit the parties from resuming an anticompetitive course in the future."

The Newspaper Preservation Act of 1970 expressly permits the joint operation of

commercial functions in certain circumstances. The creation of Charleston Newspapers did not eliminate all economic competition between Daily Gazette Company and MediaNews. Each company had separate ownership interests in their respective papers and had economic incentives to maximize the value of its own newspaper. Each took actions outside the JOA to compete to win subscribers by making their newspaper more attractive to readers. However, the May 2004 transactions gave Daily Gazette Company complete ownership of both papers, along with the unilateral power to shut down the *Daily Mail*. The Department's complaint alleges that the transactions contravened the Act's requirements in order to eliminate the *Daily Mail* and are outside the scope of any immunity under the Act.

The May 2004 transactions were not required to be reported under the Hart-Scott-Rodino (HSR) Antitrust Improvements Act of 1976, which requires companies to notify and provide information to the Department and the Federal Trade Commission before consummating certain acquisitions. As a result, the Department did not learn about the transactions until after they had been consummated.

Daily Gazette Company is a privately-held corporation based in Charleston, W.Va. Media News Group is based in Denver and is the fourth largest newspaper company in the United States.

###